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Addendum

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President's summary

Interdependence: Trade and development policy challenges for a sustained recovery of the global

(Agenda item 4)

1. Deliberations by the four-member panel under the agenda item focused on the global economic situation and the fragility of the recovery, against the background of chapters I, II and VI of *Trade and Development Report, 2014*. The policy mix applied in many advanced economies, which combined fiscal austerity, wage restraint and monetary expansion, had been ineffective. Instead, it had resulted in slow growth, weak employment and asset bubbles. There was wide agreement on the need to stimulate global demand, whose weakness explained slow growth in trade and output. In this context, the panellists highlighted that international trade alone could not be able to kick-start economic growth. International coordination of supportive macroeconomic policies had a clear potential to contribute to inclusive and sustainable growth.

2. The panellists noted that developing countries needed to look to new drivers of growth. On the demand side, a more balanced approach to development implied less reliance on export growth to developed countries and a larger role for domestic and regional markets and South–South integration. On the supply side, industrial policy and public investment in infrastructure and human capital were crucial for structural transformation and reducing dependence on commodities. Developing countries were strongly affected by international financial instability and needed to resort to capital account management, which was allowed in multilateral rules, but constrained in several bilateral trade and investment agreements.

3. Many delegations commended the UNCTAD secretariat for the high quality analyses and policy recommendations of the *Trade and Development Report, 2014* on the global economy, fragile recovery from the crisis and implications of international financial instability for developing countries. The analyses and policy recommendations were considered of high quality and relevant and useful to inform the deliberations of the Board. Several delegations concurred with the conclusions in the report, in particular regarding the need to increase aggregate global demand and to impose foreign capital controls. The issue of sovereign debt drew particular attention. Several delegations supported the longstanding UNCTAD proposal for and recent General Assembly resolution 68/304 on an international sovereign debt restructuring mechanism.